Creating Internal Transparency to Forecast Workforce Needs

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Initiative Background

Evolving Portfolio + Aggressive Growth Targets + Cost Challenges + Hyper-Competitive Talent Market

Talent is the foundation of the software and services business for a major defense contractor:
- People directly drive revenue and margins, and every open seat is potential lost revenue;
- Business growth and successful execution are inhibited by not having the right people in the right place at the right time and at the right cost.

“Lots of smart people doing the best they can with limited resources”
- Matrixed organization leads to siloes, limited communication, and no accountability
- Volatility accepted as the norm without asking “why”
- Resource intensive with 250+ employees involved in staffing planning
- High variability in process – no one does this the same
- Inefficiencies increase costs and impact competitiveness
- Creates constant strain and stress on the organization

How to increase the predictability and alignment of workforce forecasts and plans to minimize risk?
Workforce Planning Stakeholder Perspectives

**Responsible for strategy and capturing new business**
*Key metrics:* bookings, capabilities

**Manages program execution**
*Key metrics:* FTEs bid/in baseline

**Provides technical staff to programs**
*Key metrics:* “Staffing” of engineers by skill

**Site planning**
*Key metrics:* capacity utilization, heads on-site/ft²

**Forecasting and managing margins, revenue, rates**
*Key metrics:* $$$, Direct charging heads

**Hiring, development, retention (etc) for all employees**
*Key metrics:* hires, voluntary turnover, time to fill, headcount

Multiple stakeholders with different care-abouts involved in planning
Where We Were: A Picture Is Worth 1,000 Words

Headcount Projections, Oct 2016-Dec 2017

Differences based on:
- Risk tolerance
- Assumptions
- Calculation method
- Estimation method
- Timing latencies
- Lack of modeling

Putting different perspectives on paper crystalized the issue
Where We Went: Exchange of Information

1. Align on Assumptions

2. Monte Carlo Simulation & Trending Analytics

3. Stakeholders agree on forecast – with tolerances

Transparency and communication led to alignment
The Case For HR Data Transparency: Increase Plan Fidelity and Actionability

Application of cyclical models to identify and validate outliers

Model Accuracy
Annual: 94.2%
Absolute: 91.0%

Pinpointing and forecasting retirement based on timing and environment

More employees on PBGC-Impacted Plans Tend to retire when rates drop
Historical ceiling is 92 retirements in 2013
PBGC-related retirements have ranged between 5%-24% as % of PBGC-Related employees eligible to retire

Employees on PBGC-Impacted Plans tend to retire closer to eligibility; Others tend to work longer and retire later

Trends and data created checks and balances in forecasting
Lessons Learned

- Stakeholders have different perspectives for a reason – seek to understand them to bridge gaps
- Decision science with visualization enables and accelerates alignment
- Leverage everyone’s individual expertise to benefit the collective whole
- Analytics in isolation has limited impact